



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
PIKE COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Karen F. Gibson, County Judge/Executive

Honorable Donna Damron, Former County Judge/Executive

Members of the Pike County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Pike County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Pike County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Pike County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Pike County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Karen F. Gibson, County Judge/Executive

Honorable Donna Damron, Former County Judge/Executive

Members of the Pike County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Pike County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The other information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present a Schedule of Findings and Questioned Costs, included herein, which discusses the following areas of noncompliance:

- The County Treasurer Should Make Daily Deposits
- The County Should Have A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated July 26, 1999, on our consideration of Pike County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 26, 1999

PIKE COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Donna Damron	County Judge/Executive
Howard Keith Hall	County Attorney
Lillian P. Elliott	County Clerk
David Deskins	Circuit Court Clerk
Charles Keese	Sheriff
Jewell Stratton	Jailer
James T. Cauley	Property Valuation Administrator
Johnda Billiter	County Treasurer
Charles Morris	Coroner
Karen F. Gibson	Magistrate
Jerry W. Senter	Magistrate
Hilman Dotson, Jr.	Magistrate
Sid Phillips	Magistrate
Stirl Harris	Magistrate
Carson Wright	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

PIKE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 1,645,488
Road and Bridge Fund:	
Cash	54,712
Jail Fund:	
Cash	4,695
Jail Commissary Fund:	
Cash	36,507
Jail Inmate Fund:	
Cash	4,976
Local Government Economic Assistance Fund:	
Cash	657,522
Forestry Fund:	
Cash	156
Solid Waste Fund:	
Cash	779,310
Maintenance Garage Fund:	
Cash	539
Ford's Branch Landfill Closing Fund:	
Cash	684,394
Pike County Interlocal 911 Board Fund:	
Cash	489,695
Courthouse Building Commission Fund:	
Cash	30,994
Public Properties Corporation Bond Fund:	
1994 Landfill Phase III Issue-	
Cash	246,531
1994 Equipment Lease Revenue Issue-	
Cash	693
1997 Refunding Revenue Issue-	
Cash	466,162
Payroll Account	
Cash	4,382
Retirement Account	
Cash	203

The accompanying notes are an integral part of the financial statements.

PIKE COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Assets and Other Resources (Continued)

Other Resources

Local Government Economic Assistance Fund:

Amounts to be Provided in Future Years for Capital Lease Principal- Obligations - Courthouse (Note 7)	\$ 4,352,537
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Amounts to be Provided in Future Years for Capital Lease Principal- Courthouse Extra (Note 7)	524,994
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Solid Waste Fund:

Amounts to be Provided in Future Years for Capital Lease Principal- Obligations - Equipment (Note 7)	549,555
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Public Properties Corporation Bond Fund:

Amounts to be Provided in Future Years for Bond Principal Payments- 1994 Landfill Phase III Issue	483,469
1994 Equipment Lease Revenue Issue	229,307
1997 Refunding Revenue Bonds	<u>5,182,844</u>

Total Assets and Other Resources	<u><u>\$ 16,429,665</u></u>
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Liabilities and Fund Balances

Liabilities

Jail Inmate Fund	\$ 4,976
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Local Government Economic Assistance Fund:

Capital Lease Principal Obligation - Courthouse (Note 7)	4,352,537
Capital Lease Principal Obligation - Courthouse Extra (Note 7)	524,994

Solid Waste Fund:

Capital Lease Principal Obligation - Equipment (Note 7)	549,555
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Public Properties Corporation Bond Fund:

1994 Landfill Phase III Bond Issue Principal (Note 8)	730,000
1994 Equipment Lease Revenue Bond Issue Principal (Note 8)	230,000
1997 Refunding Revenue Bonds Principal (Note 8)	5,680,000

Payroll Account	4,382
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Retirement Account	203
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PIKE COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 1998
(Continued)

Liabilities and Fund Balances (Continued)

Fund Balances

Reserved:

Jail Commissary Fund	\$ 36,507
Local Government Economic Assistance Fund	657,522
Forestry Fund	156
Solid Waste Fund	779,310
Maintenance Garage Fund	539
Ford's Branch Landfill Closing Fund	684,394
Pike County Interlocal 911 Board Fund	489,695

Unreserved:

General Fund	1,645,488
Road and Bridge Fund	54,712
Jail Fund	<u>4,695</u>

Total Liabilities and Fund Balances	<u><u>\$ 16,429,665</u></u>
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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

PIKE COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 20,261,840	\$ 6,555,409	\$ 2,748,732	\$ 1,075,703
Transfers In	5,499,827	500,254	2,697,324	365,252
Kentucky Advance Revenue Program	4,125,000	4,125,000		
Jail Inmate Fund Receipts	148,820			
Jail Commissary Fund Receipts	111,301			
Total Cash Receipts	<u>\$ 30,146,788</u>	<u>\$ 11,180,663</u>	<u>\$ 5,446,056</u>	<u>\$ 1,440,955</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 18,665,730	\$ 5,800,245	\$ 4,941,686	\$ 1,436,260
Transfers Out	5,499,827	484,847	517,013	
Bonds:				
Principal Paid	870,000			
Interest Paid	435,534			
Kentucky Advance Revenue Program Repaid	4,125,000	4,125,000		
Capital Lease Payments	293,037	21,796		
Jail Inmate Fund Expenditures	152,402			
Jail Commissary Fund Expenditures	104,394			
Bank Charges	29			
Total Cash Disbursements	<u>\$ 30,145,953</u>	<u>\$ 10,431,888</u>	<u>\$ 5,458,699</u>	<u>\$ 1,436,260</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 835	\$ 748,775	\$ (12,643)	\$ 4,695
Cash Balance - July 1, 1997	<u>5,101,539</u>	<u>896,713</u>	<u>67,355</u>	
Cash Balance - June 30, 1998*	<u>\$ 5,102,374</u>	<u>\$ 1,645,488</u>	<u>\$ 54,712</u>	<u>\$ 4,695</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

PIKE COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1998
(Continued)

Jail Commissary Fund	Jail Inmate Fund	Local Government Economic Assistance Fund	Forestry Fund	Solid Waste Fund	Maintenance Garage Fund
\$	\$	\$ 4,953,561	\$ 6,242 1,963	\$ 4,306,799	\$ 1,514 866,057
	148,820				
111,301					
\$ 111,301	\$ 148,820	\$ 4,953,561	\$ 8,205	\$ 4,306,799	\$ 867,571
\$	\$	\$ 2,634,359 2,791,314	\$ 8,209	\$ 2,977,939 1,206,399	\$ 867,032
		161,629		109,612	
104,394	152,402				
\$ 104,394	\$ 152,402	\$ 5,587,302	\$ 8,209	\$ 4,293,950	\$ 867,032
\$ 6,907 29,600	\$ (3,582) 8,558	\$ (633,741) 1,291,263	\$ (4) 160	\$ 12,849 766,461	\$ 539
\$ 36,507	\$ 4,976	\$ 657,522	\$ 156	\$ 779,310	\$ 539

PIKE COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Ford's Branch Landfill Closing Fund	Pike County Interlocal 911 Board Fund	Public Properties Corporation Bond Fund	Courthouse Building Commission Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 16,408	\$ 317,867	\$ 279,605	\$
Transfers In	130,000		938,977	
Kentucky Advance Revenue Program				
Jail Inmate Fund Receipts				
Jail Commissary Fund Receipts				
Total Cash Receipts	<u>\$ 146,408</u>	<u>\$ 317,867</u>	<u>\$ 1,218,582</u>	<u>\$ 0</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$	\$	\$
Transfers Out		500,254		
Bonds:				
Principal Paid			870,000	
Interest Paid			435,534	
Kentucky Advance Revenue Program				
Repaid				
Capital Lease Payments				
Jail Inmate Fund Expenditures				
Jail Commissary Fund Expenditures				
Bank Charges		29		
Total Cash Disbursements	<u>\$ 0</u>	<u>\$ 500,283</u>	<u>\$ 1,305,534</u>	<u>\$ 0</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 146,408	\$ (182,416)	\$ (86,952)	\$ 0
Cash Balance - July 1, 1997	<u>537,986</u>	<u>672,111</u>	<u>800,338</u>	<u>30,994</u>
Cash Balance - June 30, 1998*	<u>\$ 684,394</u>	<u>\$ 489,695</u>	<u>\$ 713,386</u>	<u>\$ 30,994</u>

* Cash Balance Includes Investments

PIKE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Pike County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund, Pike County E-911 Board Fund, and the Public Properties Corporation Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Pike County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The former County Judge/Executive was required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Pike County Fiscal Court: Pike County Housing Authority, Sandy Valley Water Commission, Mountain Water District, Pike County Golf Management Corporation, and the Fishtrap Lake Commission.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The depository institution has made such a pledge, and the depository institution's board of directors or loan committee approved the pledge. However, the depository institution did not have a written agreement with the county.

Note 4. Receivable

During fiscal year end June 30, 1997, the Pike County Fiscal Court and the Floyd County Fiscal Court reached an agreement as to past due landfill user fees owed by the Floyd County Fiscal Court in the amount of \$214,826. The agreement required one lump sum payment of \$107,000 and monthly payments of \$1,797. During fiscal year ending June 30, 1998, the county received \$19,768 from the Floyd County Fiscal Court. As of June 30, 1998, the total amount due from the Floyd County Fiscal Court for landfill user fees is \$82,667.

Note 5. Buskirk McCarr Flood Control Project

The county entered into an agreement with the Department of Army for a flood control project within the county. The agreement requires the county to provide five percent of the total project costs. For the non-federal share of the project, the county entered into an agreement with the Commonwealth of Kentucky to provide 95 percent of this amount. The balance of \$220,147 as of June 30, 1998 represents \$1,842 interest and \$218,305 for the original project costs.

Note 6. Lease Purchase Agreements

- A. Pike County entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program for voting machines. The agreement requires variable monthly payments for 120 months to be paid in full February 1, 2001. The principal balance of the agreement was \$137,000 as of June 30, 1998.
- B. Pike County entered into a lease agreement with Firststar Bank for vehicles and equipment. The agreement requires variable monthly payments for 60 months to be paid in full August 1, 2000. The principal balance of the agreement was \$149,689 as of June 30, 1998.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 7. Capital Lease Agreements

- A. Pike County entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program for courthouse renovations. The agreement requires variable monthly payments for 25 years to be paid in full July 1, 2016. The principal balance of the agreement was \$4,352,537 as of June 30, 1998.

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999	\$ 182,607	\$ 139,669
2000	155,841	148,210
2001	148,974	157,273
2002	142,961	166,890
Thereafter	<u>2,012,694</u>	<u>3,740,495</u>
Totals	<u>\$ 2,643,077</u>	<u>\$ 4,352,537</u>

- B. Pike County entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program for additional courthouse renovations and furniture. The agreement requires variable monthly payments for 25 years to be paid in full March 1, 2018. The principal balance of the agreement was \$524,994.

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999	\$ 22,022	\$ 17,057
2000	18,790	17,837
2001	17,968	18,804
2002	17,260	19,702
Thereafter	<u>261,957</u>	<u>451,594</u>
Totals	<u>\$ 337,997</u>	<u>\$ 524,994</u>

- C. Pike County entered into a lease agreement with Fifth Third Bank for equipment. The agreement requires monthly payments of \$14,572 for 60 months to be paid in full November 1, 2001. The principal balance of the agreement was \$549,555.

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999	\$ 24,314	\$ 151,630
2000	15,798	159,066
2001	7,910	166,954
2002	<u>875</u>	<u>71,905</u>
Totals	<u>\$ 48,897</u>	<u>\$ 549,555</u>

PIKE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 8. Long-Term Debt

Bonds outstanding of the Pike County Public Properties Corporation Fund are:

- A. In February 1997, the Pike County Public Properties Corporation, a component unit of the Pike County Fiscal Court, issued \$5,875,000 in refunding revenue bonds to refinance the Hall of Justice. The bonds require semiannual interest payments due August 20 and February 20 and one principal payment each year due August 20. The bonds will mature February 20, 2019. As of June 30, 1998, the principal amount outstanding is \$5,680,000. Bond payments for the remaining years are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1998-99	\$ 307,221	\$ 170,000
1999-00	299,371	175,000
2000-01	290,999	185,000
2001-02	281,972	195,000
Thereafter	<u>2,645,908</u>	<u>4,955,000</u>
Totals	<u>\$ 3,825,471</u>	<u>\$ 5,680,000</u>

- B. In November 1994, the Pike County Public Properties Corporation, a component unit of the Pike County Fiscal Court, issued \$2,430,000 in Public Project Revenue Bonds for Phase III of the county landfill's construction. The Landfill Phase III bonds require semiannual interest payments due October 1 and April 1 and one principal payment due April 1. The bonds will mature on April 1, 1999. As of June 30, 1998, the principal amount outstanding is \$730,000. Bond payments for the remaining years are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1998-99	<u>\$ 41,975</u>	<u>\$ 730,000</u>

- C. Also in November 1994, the county issued \$1,025,000 in Equipment Lease Revenue Bonds for the acquisition of various pieces of equipment. These bonds require semiannual interest payments due October 1 and April 1 and one principal payment due April 1. The bonds will mature April 1, 1999. As of June 30, 1998, the principal amount outstanding is \$230,000. Bond payments for the remaining years are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1998-99	<u>\$ 13,110</u>	<u>\$ 230,000</u>

PIKE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 9. Landfill Closure and Post-Closure Costs

The county landfill is scheduled to close in the year 2022. As of June 30, 1998, 57 percent of the landfill capacity had been used. Pike County must comply with established state and federal landfill closure procedures and must perform maintenance and monitoring the procedures at the site for thirty years after closure. Estimated closure costs total \$2,347,733 and estimated post-closure care costs total \$252,679 or \$8,423 per year. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Since the financial statements are prepared on a cash basis of accounting in accordance with the laws of Kentucky, no liability has been recognized for closure or post-closure costs. At June 30, 1998, the Landfill Escrow Bank Account had a balance of \$684,394. The fiscal court is continuing to deposit a portion of all landfill receipts in the Landfill Escrow Bank Account. It is anticipated that sufficient funds will be available in the Landfill Escrow Bank Account to pay all estimated closures and post-closure costs.

Note 10. Mossy Bottom Purchase

During fiscal year ended June 30, 1997, the Pike County Fiscal Court purchased a parcel of land within the Mossy Bottom Industrial Park. An escrow account was established at the time of purchase for the payment of property taxes on the land. At June 30, 1998, the balance in the escrow account was \$8,389 of which \$372 represents interest earned on the escrow account funds.

Note 11. Sheriff's Escrow Tax Accounts

The Pike County Treasurer maintains four property tax escrow accounts for the Pike County Sheriff. The property tax escrow accounts are a result of unexplained property tax account surpluses. If these funds have not been claimed after seven years, the surplus funds will escheat to the Revenue Cabinet. The current balance of the accounts is \$18,699.

Note 12. Insurance

For the fiscal year ended June 30, 1998, Pike County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

PIKE COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 19,910,005	\$ 6,555,409	\$ (13,354,596)
Road and Bridge Fund	5,526,618	2,748,732	(2,777,886)
Jail Fund	1,477,400	1,075,703	(401,697)
Local Government Economic Assistance Fund	2,775,666	4,953,561	2,177,895
Forestry Fund	9,161	6,242	(2,919)
Solid Waste Fund	3,461,779	4,306,799	845,020
Maintenance Garage Fund	1,162,665	1,514	(1,161,151)
Totals	<u>\$ 34,323,294</u>	<u>\$ 19,647,960</u>	<u>\$ (14,675,334)</u>

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SCHEDULE OF OPERATING REVENUE

PIKE COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Real Property Taxes	\$ 2,109,543	\$ 2,109,543	\$	\$
Unmined Coal Taxes	340,382	340,382		
Advertising Fees Collected	2,701	2,701		
Bank Franchise Tax	188,423	188,423		
County Clerk:				
Deed Transfer Tax	62,161	62,161		
Occupational Licenses	5,614	5,614		
Delinquent Taxes	126,338	126,338		
Tangible Personal Property Tax	515,348	515,348		
Sheriff and Clerk - 25% account (Counties over 70,000 population)	156,611	156,611		
Sheriff and Clerk - 75% account (Counties over 70,000 population)	318,134	318,134		
In Lieu of Taxes:				
U.S. Treasurer	11,320	11,320		
Totals	<u>\$ 3,836,575</u>	<u>\$ 3,836,575</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>U.S. Treasurer</u>				
Housing Federal Prisoners	<u>\$ 43,336</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 43,336</u>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 11,164	\$ 11,164	\$	\$
Army Corps of Engineers Lease	1,264	1,264		
National Forestry Receipts	52		52	
Abandoned Mine Land Reclamation Program:				
Feds Creek	1,441,617	1,441,617		

Local Government Economic Assistance Fund	Forestry Fund	Solid Waste Fund	Maintenance Garage Fund	Ford's Branch Landfill Closing Fund	Pike County Interlocal 911 Board Fund
\$	\$	\$	\$	\$	\$
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$	\$	\$	\$	\$	\$

PIKE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Public Properties Corporation Bond Fund
<hr/>	
Revenue From Local Taxes <u>and Excess Fees</u>	
Sheriff:	
Real Property Taxes	\$
Unmined Coal Taxes	
Advertising Fees Collected	
Bank Franchise Tax	
County Clerk:	
Deed Transfer Tax	
Occupational Licenses	
Delinquent Taxes	
Tangible Personal Property Tax	
Sheriff and Clerk - 25% account (Counties over 70,000 population)	
Sheriff and Clerk - 75% account (Counties over 70,000 population)	
In Lieu of Taxes:	
U.S. Treasurer	<hr/>
Totals	<hr/> \$ 0 <hr/>
<u>U.S. Treasurer</u>	
Housing Federal Prisoners	<hr/> \$ 0 <hr/>
<u>Federal Receipts - State Treasurer</u>	
Disaster and Emergency Assistance	
Grants - Coordinator Salary	\$
Army Corps of Engineers Lease	
National Forestry Receipts	
Abandoned Mine Land Reclamation Program:	
Feds Creek	

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PIKE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Federal Receipts - State Treasurer</u> (Continued)				
Flood Control Receipts	\$ 6,912	\$ 6,912	\$	\$
Juvenile Justice and Delinquency Prevention	38,652	38,652		
Totals	<u>\$ 1,499,661</u>	<u>\$ 1,499,609</u>	<u>\$ 52</u>	<u>\$ 0</u>

Kentucky State Treasurer

Jail:

Allotments	\$ 174,689	\$	\$	\$ 174,689
Medical Allotments	13,636			13,636
Driving Under The Influence Fees	11,990			11,990
Housing State Prisoners	403,676			403,676
Court Costs, Jail Operation	25,160			25,160
Controlled Intake	191,272			191,272
Forest Fire Suppression	6,242			
Road Energy Recovery	123,084		123,084	
Municipal Road Aid	600,000		600,000	
County Road Aid	1,607,824		1,607,824	
Truck License Distribution	151,651		151,651	
Bridge Replacement	135,000		135,000	
Strip Mine Permits	170,973	170,973		
Courthouse Rental - Administrative				
Office of the Courts	462,219	222,728		
Refunds:				
Legal Process Tax	618	618		
Drivers Licenses	6,462		6,462	
Dog Licenses	653	653		

PIKE COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Forestry Fund	Solid Waste Fund	Maintenance Garage Fund	Ford's Branch Landfill Closing Fund	Pike County Interlocal 911 Board Fund
\$	\$	\$	\$	\$	\$
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$	\$

6,242

PIKE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Public Properties Corporation Bond Fund
<hr/>	
<u>Federal Receipts - State Treasurer</u> (Continued)	
Flood Control Receipts	\$
Juvenile Justice and Delinquency Prevention	<hr/>
Totals	<hr/> \$ 0
 <u>Kentucky State Treasurer</u>	
Jail:	
Allotments	\$
Medical Allotments	
Driving Under The Influence Fees	
Housing State Prisoners	
Court Costs, Jail Operation	
Controlled Intake	
Forest Fire Suppression	
Road Energy Recovery	
Municipal Road Aid	
County Road Aid	
Truck License Distribution	
Bridge Replacement	
Strip Mine Permits	
Courthouse Rental - Administrative	
Office of the Courts	239,491
Refunds:	
Legal Process Tax	
Drivers Licenses	
Dog Licenses	

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PIKE COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u> (Continued)				
Severance Taxes:				
Coal	\$ 2,989,929	\$	\$	\$
Mineral	1,809,337			
Totals	<u>\$ 8,884,415</u>	<u>\$ 394,972</u>	<u>\$ 2,624,021</u>	<u>\$ 820,423</u>
<u>Miscellaneous Revenue</u>				
Interest	\$ 368,847	\$ 177,769	\$ 21,858	\$ 8,197
Circuit Court Clerk:				
Work Release	153,406			153,406
Jail:				
Telephone Commission Refunds	23,624			23,624
Licenses and Permits:				
Building Permit	1,197	1,197		
Cable TV Franchise	179,753	179,753		
911 Collections	299,849			
Charges for Services:				
Garbage Collection	2,887,014			
Landfill User	1,256,446			
County Jail Fees	6,217			6,217
Animal Adoption Fees	18,383	18,383		
Reimbursement:				
Golf Course	161,732	161,732		
Airboard Project	43,687	43,687		
Medical	7,305			7,305
Telecommunications	30,613	30,613		
Insurance	63,760	3,961	4,085	
Workers Compensation	63,887		31,944	
Rentals and Leases:				
Post Office Rent	13,145	13,145		
Forest City High Rise Rent	5,200	5,200		
Pike County Child Development	3,600	3,600		
Mountain Top Baking	6,600	6,600		

PIKE COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Forestry Fund	Solid Waste Fund	Maintenance Garage Fund	Ford's Branch Landfill Closing Fund	Pike County Interlocal 911 Board Fund
\$ 2,989,929 1,809,337	\$	\$	\$	\$	\$
\$ 4,799,266	\$ 6,242	\$ 0	\$ 0	\$ 0	\$ 0
\$ 47,815	\$	\$ 38,668	\$	\$ 16,408	\$ 18,018
					299,849
		2,887,014 1,256,446			
855		54,859 31,943			

PIKE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Public Properties Corporation Bond Fund
<hr/>	
<u>Kentucky State Treasurer</u>	
(Continued)	
Severance Taxes:	
Coal	\$
Mineral	
	<hr/>
Totals	<hr/> \$ 239,491
 <u>Miscellaneous Revenue</u>	
Interest	\$ 40,114
Circuit Court Clerk:	
Work Release	
Jail:	
Telephone Commission Refunds	
Licenses and Permits:	
Building Permit	
Cable TV Franchise	
911 Collections	
Charges for Services:	
Garbage Collection	
Landfill User	
County Jail Fees	
Animal Adoption Fees	
Reimbursement:	
Golf Course	
Airboard Project	
Medical	
Telecommunications	
Insurance	
Workers Compensation	
Rentals and Leases:	
Post Office Rent	
Forest City High Rise Rent	
Pike County Child Development	
Mountain Top Baking	

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PIKE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
(Continued)				
Rentals and Leases: (Continued)				
Other Rental Fees	\$ 18,776	\$ 18,776	\$	\$
Equipment Sales	63,479	63,479		
Concession Sales	750	750		
Phelps Center Receipts	1,120	1,120		
Douglas/Tugfork Sewage	104,491			
Bail Bond Fees	11,660			11,660
Recycling Proceeds	18,275			
Telephone Refund	1,949	1,949		
Private Contributions	62,970		62,970	
Prior Year Close-Outs	6,067	6,067		
Miscellaneous Items	58,837	31,258	3,802	1,535
Totals	<u>\$ 5,997,853</u>	<u>\$ 824,253</u>	<u>\$ 124,659</u>	<u>\$ 211,944</u>
Total Operating Revenue	<u><u>\$ 20,261,840</u></u>	<u><u>\$ 6,555,409</u></u>	<u><u>\$ 2,748,732</u></u>	<u><u>\$ 1,075,703</u></u>

PIKE COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Forestry Fund	Solid Waste Fund	Maintenance Garage Fund	Ford's Branch Landfill Closing Fund	Pike County Interlocal 911 Board Fund
\$	\$	\$	\$	\$	\$
104,491					
		18,275			
1,134		19,594	1,514		
\$ 154,295	\$ 0	\$ 4,306,799	\$ 1,514	\$ 16,408	\$ 317,867
<u>\$ 4,953,561</u>	<u>\$ 6,242</u>	<u>\$ 4,306,799</u>	<u>\$ 1,514</u>	<u>\$ 16,408</u>	<u>\$ 317,867</u>

PIKE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Public Properties Corporation Bond Fund
<hr/>	
<u>Miscellaneous Revenue</u>	
(Continued)	
Rentals and Leases: (Continued)	
Other Rental Fees	\$
Equipment Sales	
Concession Sales	
Phelps Center Receipts	
Douglas/Tugfork Sewage	
Bail Bond Fees	
Recycling Proceeds	
Telephone Refund	
Private Contributions	
Prior Year Close-Outs	
Miscellaneous Items	.
	<hr/>
Totals	\$ 40,114
	.
Total Operating Revenue	\$ 279,605
	: <hr/> <hr/>

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

PIKE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 49,000	\$ 48,281	\$ 719
Other Salaries	255,000	162,261	92,739
Office Materials and Supplies	15,000	12,441	2,559
Office Equipment	3,000	1,796	1,204
Telephone	12,000	9,169	2,831
Travel	15,000	10,477	4,523
Office of County Attorney:			
Salaries-			
County Attorney	37,000	35,247	1,753
Other Salaries	54,500	54,290	210
Office Materials and Supplies	500		500
Bond	2,000	1,599	401
Telephone	6,200	6,185	15
Office of County Clerk:			
Supplement	10,000	5,209	4,791
Tax Bill Preparation	20,000	9,378	10,622
Office of Sheriff:			
Contracts With Government Agencies-			
Fishtrap Damsite Lake Patrol	50,000		50,000
Local Law Enforcement Grant	74,410	69,073	5,337
DARE Project Grant	15,000		15,000
Sheriff's Supplement	148,685	148,685	
Bond	6,500	2,739	3,761
Data Processing Equipment	5,000		5,000
Gas Tax Refund	5,000	4,537	463

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Fiscal Court:			
Magistrates			
Salaries	\$ 215,000	\$ 208,573	\$ 6,427
Secretaries Salaries	115,000	114,389	611
Advertising	4,000	84	3,916
Dues	2,000	180	1,820
Office Materials and Supplies	3,600	2,449	1,151
Other Materials and Supplies	1,000	343	657
Data Processing Equipment	4,000	1,060	2,940
Telephone	3,000	139	2,861
Travel	3,000	1,653	1,347
Postage	1,000	576	424
Rent	2,400	2,400	
Water and Sewer	500	216	284
Electric	3,750	3,370	380
Gasoline	5,000	4,373	627
Maintenance and Repair Services - Vehicles	2,500	2,271	229
Office of Property Valuation Administrator:			
Postage	10,000	8,135	1,865
Advertisement	100		100
Telephone	4,400	3,995	405
Travel	200		200
Statutory Contribution	78,600	76,486	2,114
Office of Board of Assessment Appeals:			
Per Diem	6,000		6,000
Office of County Treasurer:			
County Treasurer Salary	49,752	49,667	85
Bond	11,000	10,719	281
Data Processing	2,000		2,000
Office Materials and Supplies	1,500	791	709
Office Equipment	3,500	1,290	2,210
Dues	125		125

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of County Treasurer: (Continued)			
Travel	\$ 750	\$	\$ 750
Bank Charges	1,000		1,000
Office of County Finance Director:			
Salaries	142,000	109,557	32,443
Advertising	120,000	114,753	5,247
Computer Programming Services	1,000	230	770
Maintenance and Repair Services -			
Computer Equipment	10,000	7,232	2,768
Office Materials and Supplies	9,000	7,807	1,193
Audit Services	60,000	58,049	1,951
Dues	500		500
Telephone	16,000	15,110	890
Travel	1,500	825	675
Capital Outlay -			
Data Processing Equipment	5,000	538	4,462
New Office Equipment	2,500	2,319	181
Office of Purchasing and Personnel:			
Salaries	23,500	23,267	233
Advertising	6,000	5,092	908
Office Materials and Supplies	7,000	6,846	154
Telephone	2,000	1,891	109
Travel	600	171	429
Capital Outlay -			
Data Processing Equipment	1,000		1,000
New Office Equipment	500		500
County Law Library:			
Law Librarian Salary	1,200	1,200	
Trial Commissioner:			
Salaries	18,650	18,617	33
Telephone	500	47	453

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Elections:			
Per Diem-			
Election Commissioners	\$ 8,500	\$ 8,305	\$ 195
Election Officers	22,000	19,980	2,020
Advertising	20,000	11,284	8,716
Delivery of Voting Machines	5,100	4,625	475
Polling Places	1,000	512	488
Capital Outlay -			
Voting Machines	30,150	30,150	
Economic Development:			
Program Support	2,612,500	70,715	2,541,785
Corporation	16,561	9,214	7,347
Courthouse:			
Custodial Maintenance	114,200	103,297	10,903
Insurance	144,500	144,322	178
Pest Control	5,000	4,800	200
Renewals and Repairs	398,350	229,394	168,956
Materials and Supplies	29,000	20,593	8,407
Utilities	86,600	85,095	1,505
Other County Properties:			
Salary	147,500	141,524	5,976
Maintenance and Repair Services -			
Floodwall	10,000	656	9,344
Radio	2,000	644	1,356
Repairs	2,500	272	2,228
Building and Maintenance Supplies	8,500	8,091	409
Gasoline	5,000	2,420	2,580
Office Material and Supplies	6,000	3,155	2,845
Tires	1,000		1,000
Uniforms	200		200
Telephone	10,000	9,919	81
Travel	2,500	1,594	906

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Annex Building:			
Construction and Maintenance Wages	\$ 112,500	\$ 110,865	\$ 1,635
Custodial Personnel	33,400	33,279	121
Building Maintenance Supplies	17,000	10,752	6,248
Custodial Supplies	6,000	5,908	92
Other Materials and Supplies	3,000	2,108	892
Contract Repairs	9,000	7,218	1,782
Radio Repairs	2,000	647	1,353
Gasoline	11,000	9,572	1,428
Vehicle Repair Parts	5,000	1,441	3,559
Tires	1,750	1,277	473
Uniforms	2,000	1,693	307
Insurance	28,000	24,369	3,631
Renewals and Repairs	235,000	105,426	129,574
Water and Sewer	20,000	16,133	3,867
Utilities	25,000	13,842	11,158
Natural Gas	10,000	8,213	1,787
Lease Payments	3,500		3,500
<u>Protection to Persons and Property</u>			
Constables:			
Bond	500		500
Expense Reimbursement	14,400	11,937	2,463
Disaster and Emergency Services:			
Salaries-			
Director	51,200	51,161	39
Other Salaries			
Gasoline	900	283	617
Emergency Materials and Supplies	5,000	3,012	1,988
Office Materials and Supplies	500		500
Telephone	2,000	1,561	439
Travel	1,500	156	1,344
Capital Outlay -			
Communication Equipment	1,500		1,500

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> (Continued)			
Emergency Dispatch Service:			
911 Fees Distributed	\$ 325,000	\$ 321,915	\$ 3,085
Commonwealth Attorney:			
Office Supplies	25,650	25,600	50
Public Advocate Program:			
Mandated Program Support	9,073	9,073	
<u>General Health and Sanitation</u>			
Water System:			
Capital Outlay	11,700,000	1,441,617	10,258,383
Soil and Water Conservation:			
Program Support	9,000	9,000	
Public Advocate Program:			
Program Support	9,750	9,734	16
Services to Children and Youth:			
Juvenile Justice Grant Expenditures	80,000	53,662	26,338
<u>Recreation and Culture</u>			
Parks:			
Director Salary	9,000	8,706	294
Custodial Personnel	6,500	5,167	1,333
Cooks	6,500	4,313	2,187
Maintenance and Grounds	95,000	86,735	8,265
Materials and Supplies			
Custodial Supplies	1,000	760	240
Food Preparation and Serving Supplies	1,000	331	669
Food	7,000	6,823	177
Office Materials and Supplies	2,000	1,739	261

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Recreation And Culture (Continued)</u>			
Parks: (Continued)			
Other Materials and Supplies	\$ 4,000	\$ 1,467	\$ 2,533
Telephone	3,600	1,862	1,738
Upkeep and Maintenance	91,000	88,698	2,302
Utilities	5,600	4,813	787
Golf Course:			
Operating Expenses	300,000	158,905	141,095
Other Recreation Programs:			
Capital Outlay -			
Improvements	45,000	29,156	15,844
Civic Center Studies	21,000	15,864	5,136
Legal Expense	18,000	16	17,984
<u>Airports</u>			
Airport Operations and Maintenance:			
Salaries and Other Wages	45,100	31,633	13,467
Social Security	3,450	2,318	1,132
Retirement	3,900	2,296	1,604
Employee Insurance-			
Life	50	41	9
Health	4,200	3,675	525
Unemployment Insurance	840		840
Workers Compensation-	3,010	1,090	1,920
Gasoline	1,873		1,873
Insurance	2,577	2,576	1
<u>Debt Service</u>			
Borrowed Money:			
Interest -			
Kentucky Advance Revenue Program	90,000	88,195	1,805

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Debt Service (Continued)</u>			
Capital Lease:			
Interest-			
Equipment	\$ 4,434	\$ 4,428	\$ 6
Other County Liabilities:			
Lease-Purchase Agreements -			
Voting Machines	51,750	49,928	1,822
<u>Administration</u>			
General Services:			
Annual Events	9,500	8,331	1,169
Buskirk-McCarr Project	25,000	25,000	
Consulting	4,000		4,000
Contributions -			
Adult Education	1,000		1,000
Drug Testing	5,000	4,420	580
Training	5,000	291	4,709
Telecommunications Project	92,000	25,749	66,251
Memberships	12,000	11,594	406
Postage	12,000	12,000	
Contingent Appropriations:			
Reserve for Tax Refunds	180,000	6,677	173,323
Reserve for Emergencies	13,425		13,425
Fringe Benefits:			
County Contributions-			
Social Security	119,565	101,340	18,225
Retirement	135,300	118,611	16,689
Life Insurance	2,775	1,771	1,004
Health Insurance	208,750	189,904	18,846
Worker's Compensation	38,000	37,920	80
Unemployment Insurance	16,100		16,100
Employee Annual Events	7,500	5,010	2,490
Total Operating Budget	\$ 19,910,005	\$ 5,800,245	\$ 14,109,760

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund -	\$ 7,500	\$ 7,211	\$ 289
Capital Lease Equipment-			
Principal	21,796	21,796	
Kentucky Advance Revenue Program-			
Principal	5,000,000	4,125,000	875,000
Total General Fund	\$ 24,939,301	\$ 9,954,252	\$ 14,985,049

ROAD AND BRIDGE FUND

Roads

Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 46,625	\$ 46,534	\$ 91
Other Salaries and Wages	83,900	68,897	15,003
Road Materials	226,464	226,305	159
Travel	1,000	164	836
New Camp Branch Special Project	27,500	25,644	1,856
Office Equipment	8,500	8,086	414
Road Maintenance:			
Salaries-			
Road Workers	1,065,600	1,002,811	62,789
Blacktop	1,000,000	980,309	19,691
Bridge Replacement	300,000	235,161	64,839
Contributions	200,000	46,995	153,005
Property Damage	5,000	1,677	3,323
State Flood Control	85,000	387	84,613
Road Signs	12,901	7,606	5,295
Petroleum Products	120,000	99,695	20,305
Clean-Up Underground Tanks	25,000		25,000
Energy Road Recovery	138,107	136,786	1,321
Materials	1,417,542	1,364,308	53,234
Rights-Of-Way	5,000	2,865	2,135
Rent	13,500	13,500	
Uniforms	7,000	4,170	2,830

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads (Continued)</u>			
Road Maintenance: (Continued)			
Office Materials and Supplies	\$ 2,500	\$ 1,199	\$ 1,301
Telephone	9,500	9,408	92
Electric	12,500	12,471	29
Water and Sewer	1,000	884	116
Natural Gas	1,000		1,000
Safety Program	5,000		5,000
<u>Debt Service</u>			
Other County Liabilities:			
Interest On Notes	500		500
Other County Liabilities:			
Lease-Purchase Agreements	18,161	17,920	241
General Services:			
Drug Testing	5,000	432	4,568
Forestry Expenditures	8,458		8,458
Insurance	124,000	122,869	1,131
Fringe Benefits:			
County Contributions-			
Retirement	110,700	95,826	14,874
Social Security	99,250	81,308	17,942
Employee Insurance -			
Life	2,350	1,683	667
Health	197,400	197,278	122
Worker's Compensation	128,660	128,508	152
Unemployment Insurance	12,000		12,000
Total Operating Budget	\$ 5,526,618	\$ 4,941,686	\$ 584,932
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund	91,339	91,339	

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
Other Financing Uses: (Continued)			
Notes-			
Principal	\$ 12,000	\$	\$ 12,000
Total Road and Bridge Fund	\$ 5,629,957	\$ 5,033,025	\$ 596,932
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 48,500	\$ 48,281	\$ 219
Deputies	584,500	576,246	8,254
Cooks	50,500	50,350	150
Contracts With Other Counties	5,000	324	4,676
Maintenance and Repair Services -			
Computer	3,000	1,725	1,275
Equipment	35,000	33,624	1,376
Operations-			
Cleaning Supplies	22,250	22,125	125
Food	134,500	134,334	166
Food Preparation and Serving Supplies	2,500	1,701	799
Office Supplies	7,500	5,983	1,517
Prisoner Clothing	2,500	2,220	280
Prisoner Hygiene	3,000	1,759	1,241
Routine Medical	104,500	104,323	177
Staff Uniforms	5,000	3,625	1,375
Staff Travel and Training	3,000	2,691	309
Telephone	6,000	5,462	538
Water And Sewer	32,000	31,255	745
Electric	57,500	55,169	2,331
Natural Gas	17,000	15,989	1,011
Vehicle Parts and Repairs	1,500	1,012	488

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Administration</u>			
General Services:			
Drug Testing	\$ 3,750	\$ 1,680	\$ 2,070
Liability Insurance	69,311	69,311	
Association Dues	600	500	100
Fringe Benefits:			
County Contributions-			
Retirement	57,250	53,369	3,881
Social Security	54,500	53,442	1,058
Employee Insurance			
Life	1,300	1,017	283
Health	110,000	109,626	374
Worker's Compensation	51,189	47,226	3,963
Unemployment Insurance	4,250	1,891	2,359
Total Jail Fund	<u>\$ 1,477,400</u>	<u>\$ 1,436,260</u>	<u>\$ 41,140</u>

LOCAL GOVERNMENT ECONOMIC
ASSISTANCE FUND

General Government

Office of County Coroner:			
Salaries -			
County Coroner	\$ 22,000	\$ 21,726	\$ 274
Deputy Coroner	8,000	7,338	662
Maintenance and Repair Services -			
Vehicles	5,300	5,253	47
Materials And Supplies	6,500	6,350	150
Telephone	1,500	1,189	311
Travel	2,800	2,719	81

Protection To Persons And Property

Juvenile Detention:			
Housing And Transporting Juveniles	160,000	159,554	446

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND (Continued)</u>			
<u>Protection To Persons And Property (Continued)</u>			
County Fire Department:			
Class 9 Rating	\$ 84,000	\$ 84,000	\$
Fire Protection Insurance	80,500	80,070	430
Training - Fire School	4,000	3,420	580
Other Capital Outlay	69,900	69,282	618
Fire Hydrants	63,500	17,940	45,560
General Health And Sanitation			
Dog Control:			
Animal Shelter Wages	85,710	85,557	153
Contract Medical Services	6,700	6,676	24
Food	3,000	2,299	701
Cleaning Supplies	4,000	3,541	459
Gasoline	2,250	1,883	367
Motor Vehicle Parts	750	321	429
Office Materials	900	687	213
Tires	500	8	492
Uniforms	700	494	206
Dog License Refunds	1,000	595	405
Pharmaceuticals	5,250	4,818	432
Telephone	2,600	2,497	103
Travel	1,000	796	204
Electric	4,500	3,964	536
Other Equipment	2,000	1,557	443
Water Control:			
Other Capital Outlay	184,000	183,153	847
Sewage System:			
Maintenance and Repair Services	73,000	72,682	318

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND (Continued)</u>			
<u>Social Services</u>			
Senior Citizens Program:			
Program Support	\$ 370,000	\$ 370,000	\$
Building Maintenance	1,000	947	53
Building and Construction-			
Phelps Senior Citizens Center	281,700	281,601	99
Elkhorn Senior Citizens Center	521,250	521,149	101
General Charity and Welfare:			
Aid To The Needy	7,650	7,646	4
Other Social Services Program:			
Salary	51,100	51,018	82
Court Appointed Attorney	6,400	6,400	
Psychiatric Evaluations	48,400	48,400	
Office Materials and Supplies	3,250	3,233	17
Telephone Expense	2,250	1,945	305
<u>Recreation And Culture</u>			
Recreation Programs:			
Horse Park-			
Recreation Lights	132,500	75,937	56,563
YMCA -			
Contribution	73,000	72,668	332
Major Repairs	31,250	31,062	188
<u>Roads</u>			
Road Maintenance:			
GIS Mapping and Other Salaries	15,050	9,980	5,070
GIS Mapping	14,950	14,760	190
<u>Airports</u>			
Airport Operations and Maintenance:			
Supervisor/Director	11,000	9,373	1,627

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)</u>			
<u>Other Transportation Facilities And Services</u>			
Transportation Facilities And Services:			
Non-Emergency Transportation	\$ 21,000	\$ 20,890	\$ 110
<u>Debt Service</u>			
Capital Lease:			
Interest -			
Courthouse Renovation	193,054	191,507	1,547
Equipment	2,754	2,754	
Bonds:			
Interest -			
Courthouse Renovation	6,300	6,038	262
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	18,058	14,527	3,531
Social Security	15,550	13,510	2,040
Employee Insurance -			
Health	47,800	36,560	11,240
Life	350	287	63
Worker's Compensation	11,900	11,798	102
Unemployment Insurance	2,290		2,290
Total Operating Budget	\$ 2,775,666	\$ 2,634,359	\$ 141,307
Other Financing Uses:			
Transfer -			
Public Properties Corporation	204,519	204,411	108

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)			
Other Financing Uses: (Continued)			
Capital Lease Principal -			
Equipment	\$ 12,984	\$ 12,984	\$
Courthouse Renovation	132,273	132,273	
Courthouse Extra	16,372	16,372	
Total Local Government Economic Assistance Fund	<u>\$ 3,141,814</u>	<u>\$ 3,000,399</u>	<u>\$ 141,415</u>
<u>FORESTRY FUND</u>			
<u>Protection To Persons And Property</u>			
Forestry Fire Protection:			
Forest Fire Protection	<u>\$ 9,161</u>	<u>\$ 8,209</u>	<u>\$ 952</u>
<u>SOLID WASTE FUND</u>			
<u>General Health And Sanitation</u>			
Sanitary Landfill:			
Contract Labor	\$ 24,500	\$ 23,997	\$ 503
Closing Old Landfill	3,500	797	2,703
Judgements - Property Damage	5,500	515	4,985
Legal Notice and Court Costs	3,000		3,000
Licensing Vehicles	3,175	300	2,875
Scalehouse Construction	5,000		5,000
Solid Waste Collection:			
Solid Waste Salaries/Wages	1,703,000	1,449,997	253,003
Advertising	4,500	3,614	886
Evaluation And Testing	20,000	14,999	5,001
Clean Community Program	37,000	36,442	558
Gravel	18,000	11,594	6,406

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>SOLID WASTE FUND (Continued)</u>			
<u>General Health and Sanitation (Continued)</u>			
Solid Waste Collection: (Continued)			
Data Processing Forms	\$ 5,000	\$ 2,786	\$ 2,214
Office Materials and Supplies	8,500	6,460	2,040
Petroleum Products	198,000	170,213	27,787
Other Materials and Supplies	41,500	29,969	11,531
Uniforms	10,000	704	9,296
Bank Charges	3,500	152	3,348
Insurance	38,500	31,920	6,580
Postage	9,500	6,825	2,675
Telephone	12,000	9,933	2,067
Travel	2,500	96	2,404
Water And Sewer	8,000	1,581	6,419
Electric	15,000	11,494	3,506
Safety Program	10,000		10,000
Debris Landfill Construction	15,000	12,625	2,375
Office Equipment	14,500	13,830	670
Equipment Purchases	292,440	292,193	247
Debt Service:			
Other County Liabilities -			
Lease Purchase Agreements	129,545	127,729	1,816
Capital Lease:			
Interest -			
Equipment	23,257	23,257	
<u>Administration</u>			
General Services:			
Drug Testing	5,000		5,000
County Contributions-			
Retirement	152,575	124,284	28,291
Social Security	134,937	105,429	29,508
Employee Insurance -			
Health	3,850	2,628	1,222
Life	337,500	307,119	30,381

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>SOLID WASTE FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits:			
Worker's Compensation	\$ 149,000	\$ 139,457	\$ 9,543
Unemployment Insurance	<u>15,000</u>	<u>15,000</u>	
Total Operating Budget	\$ 3,461,779	\$ 2,977,939	\$ 483,840
Other Financing Uses:			
Transfer -			
Public Properties Corporation	636,086	636,016	70
Capital Lease Principal- Equipment	<u>109,612</u>	<u>109,612</u>	
Total Solid Waste Fund	<u>\$ 4,207,477</u>	<u>\$ 3,723,567</u>	<u>\$ 483,910</u>

MAINTENANCE GARAGE FUND

General Government

Maintenance Operations:			
Wages	\$ 404,500	\$ 314,516	\$ 89,984
Contract Repairs	144,500	83,479	61,021
Radio Parts	27,000	18,420	8,580
Wrecker Service	8,000	2,705	5,295
Welding Supplies	10,500	6,225	4,275
Vehicle Parts	285,000	227,614	57,386
Office Materials and Supplies	7,000	3,721	3,279
Shop Materials and Supplies	15,000	6,701	8,299
Shop Tools	15,000	5,719	9,281
Tires and Tubes	77,000	66,168	10,832
Uniforms	1,500	219	1,281
Telephone	3,500	3,079	421
Travel and Training	3,500	855	2,645
Water and Sewer	500		500
Electric	8,000	5,513	2,487
Natural Gas	500	102	398

PIKE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>MAINTENANCE GARAGE FUND</u>			
(Continued)			
<u>General Government (Continued)</u>			
Maintenance Operations: (Continued)			
Tool Allowance	\$ 1,200	\$ 800	\$ 400
General Services:			
Drug Testing	2,500		2,500
Fringe Benefits:			
County Contributions-			
Retirement	35,000	25,080	9,920
Social Security	30,950	24,983	5,967
Employee Insurance -			
Health	53,165	49,365	3,800
Life	650	442	208
Worker's Compensation	24,700	18,704	5,996
Unemployment Insurance	3,500	2,622	878
Total Maintenance Garage Fund	<u>\$ 1,162,665</u>	<u>\$ 867,032</u>	<u>\$ 295,633</u>
Total Operating Budget - All Funds	\$ 34,323,294	\$ 18,665,730	\$ 15,657,564
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund	939,444	938,977	467
Notes-			
Principal	12,000		12,000
Capital Lease Principal-			
Equipment	144,392	144,392	
Courthouse Renovation	132,273	132,273	
Courthouse Extra	16,372	16,372	
Kentucky Advance Revenue Program-			
Principal	5,000,000	4,125,000	875,000
TOTAL BUDGET - ALL FUNDS	<u>\$ 40,567,775</u>	<u>\$ 24,022,744</u>	<u>\$ 16,545,031</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Karen F. Gibson, County Judge/Executive
Honorable Donna Damron, Former County Judge/Executive
Members of the Pike County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Pike County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated July 26, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pike County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pike County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Pike County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs.


- The County Treasurer Should Make Daily Deposits

Honorable Karen F. Gibson, County Judge/Executive
Honorable Donna Damron, Former County Judge/Executive
Members of the Pike County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 26, 1999

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Karen F. Gibson, County Judge/Executive
Honorable Donna Damron, Former County Judge/Executive
Members of the Pike County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Pike County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1998. Pike County's major federal program is identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Pike County's management. Our responsibility is to express an opinion on Pike County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pike County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pike County's compliance with those requirements.

In our opinion, Pike County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

Honorable Karen F. Gibson, County Judge/Executive
Honorable Donna Damron, Former County Judge/Executive
Members of the Pike County Fiscal Court
Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Pike County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pike County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed –
July 26, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Pike County.
2. One reportable condition relating to the audit of the financial statements is included in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Pike County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards program is reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award program for Pike County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards program for Pike County reported in Part C of this Schedule.
7. The program tested as a major program was: Abandoned Mine Land Grants (CFDA #15.252).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Pike County was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

The County Treasurer Should Make Daily Deposits.

During the audit, we found the County Treasurer did not deposit receipts daily nor within three business days. The State Local Finance Officer, under the authority of KRS 68.210, established minimum requirements, which include depositing receipts intact on a daily basis. We recommend these procedures be followed at all times.

Management's Response:

I agree.

PIKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 1998
(Continued)

NONCOMPLIANCES

The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). The county had a bank balance of \$3,374,293 FDIC insurance of \$200,000; and securities pledged of \$5,207,445 as of June 30, 1998. Even though the county obtained pledged securities of \$5,207,445, the pledge agreement was not approved by the board of directors of the depository institution or its loan committee nor evidenced by a written agreement. We recommend the county enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

This document is a good assurance to the county, however, an example was never given to the county. The county was always adequately pledged, regardless of the absence of this executed agreement.

PRIOR YEAR FINDINGS

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

PIKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Expenditures</u>
<u>Cash Programs</u>		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department of Local Government:		
Community Development Block Grant- Elkhorn Creek Water Project (CFDA #14.218)		
Section Eight Housing Assistance	B-94-DC-21-0001-029	\$ 3,900
<u>U.S. Department of Justice</u>		
Direct Programs:		
Local Law Enforcement Block Grant- (CFDA # 16.592)	Not Available	57,759
Juvenile Justice and Delinquency Prevention- (CFDA # 16.579)	Not Applicable	53,662
<u>U.S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grant - Coordinator Salary (CFDA #83.534)	Not Applicable	11,164
<u>U.S. Department Of The Interior</u>		
Passed-Through State Department of Natural Resources:		
Abandoned Mine Land Reclamation Programs- Freeburn/Majestic Water Supply Project (CFDA # 15.252)	Not Available	1,413,717
Feds Creek/Mouthcard (CFDA # 15.252)	12-34-600-FMAO-E415-04	<u>24,000</u>
TOTAL CASH FEDERAL FINANCIAL ASSISTANCE PROGRAMS		<u>\$ 1,564,202</u>

PIKE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Year Ended June 30, 1998
 (Continued)

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	Pass-Through <u>Grantor's Number</u>	Grant <u>Expenditures</u>
<u>Noncash Programs:</u>		
<u>U.S. Department of Agriculture</u>		
Passed-Through State Department of Agriculture:		
Jail Commodity Program (CFDA # 10.569)	Not Applicable	<u>\$ 2,516</u>

See Notes to the Schedule of Expenditures of Federal Awards.

PIKE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Note 1 - Basis of Presentation

This schedule is presented on a cash basis except for the noncash programs, which represents commodities received and distributed by the county. The dollar value of these commodities has been provided by the Department of Agriculture.

Note 2 - As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

Note 3 - The federal expenditures for Abandoned Mine Land Reclamation Grant include grants to subrecipients as follows:

<u>Subrecipient</u>	<u>Number</u>	<u>Pass-Through Grant Amount</u>
Mountain Water District	15.252	\$ 1,437,717

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**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

PIKE COUNTY FISCAL COURT


Fiscal Year Ended June 30, 1998

Appendix A




CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS
PIKE COUNTY FISCAL COURT

The Pike County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Donna Damron,
Former County Judge/Executive



Johnda B. Billiter
County Treasurer